

Exhibit F

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

MDL NO. 1456

CIVIL ACTION NO. 01-CV-12257-PBS

Judge Patti B. Saris

Magistrate Judge Marianne B. Bowler

IN RE: PHARMACEUTICAL INDUSTRY

AVERAGE WHOLESALE PRICE LITIGATION

THIS DOCUMENT RELATES TO:

U.S. Ex rel. Ven-A-Care of the

Florida Keys, Inc., v. Abbott

Laboratories, Inc., et al.,

No. 06-CV-11337-PBS

VOLUME II OF II

VIDEOTAPE 30(B)(6) DEPOSITION OF PALMETTO

(ROBIN KREUSH STONE)

Friday, February 29, 2008

9:00 AM to 4:00 PM

Columbia, South Carolina

Reported by: Jane G. LaPorte

Merit and Professional Certifications

<p style="text-align: right;">280</p> <p>1 exception; is that correct?</p> <p>2 A. Yes.</p> <p>3 Q. Now, when you say retroactive to the</p> <p>4 first day of the year, how does that affect claims</p> <p>5 payments?</p> <p>6 A. When the fees are put into the pricing</p> <p>7 system, you only have one pricing bucket for the</p> <p>8 current fee screen year.</p> <p>9 So, when you enter the fee, anything that</p> <p>10 is processed on or after the date of that fee being</p> <p>11 entered, based on the dates of service for that</p> <p>12 year, would price off of that new fee.</p> <p>13 Q. So, theoretically, just to get an</p> <p>14 explanation on this -- if a claim was -- if a</p> <p>15 service was provided before the price change went</p> <p>16 into effect, but the claim was paid after the price</p> <p>17 change went into effect, then it would be paid at</p> <p>18 the new price, not the price that was in effect when</p> <p>19 the service was provided?</p> <p>20 A. I'm not really sure at what point the</p> <p>21 system plugged the fee.</p> <p>22 I'm not sure if it plugs it when it first</p>	<p style="text-align: right;">282</p> <p>1 Q. And it's signed by you, again?</p> <p>2 A. Yes.</p> <p>3 Q. Do you recall preparing this letter?</p> <p>4 A. Yes.</p> <p>5 Q. Now, at the time this letter was</p> <p>6 prepared, the reimbursement formula had changed from</p> <p>7 the previous document I showed you to -- it was now</p> <p>8 95 percent of the median AWP; is that correct?</p> <p>9 A. I believe so.</p> <p>10 Q. Now, in this letter, as you said, you are</p> <p>11 reporting your pricing information directly to HCFA;</p> <p>12 is that correct?</p> <p>13 A. Yes.</p> <p>14 Q. And this is done pursuant to the Uniform</p> <p>15 Drug Pricing Project; is that right?</p> <p>16 A. Yes.</p> <p>17 Q. What was the Uniform Drug Pricing</p> <p>18 Project?</p> <p>19 A. If I recall, I think that was where they</p> <p>20 were trying to establish consistent practices among</p> <p>21 all contractors in pricing drugs.</p> <p>22 Q. Was it your understanding at the time,</p>
<p style="text-align: right;">281</p> <p>1 enters the system, or when it reaches final.</p> <p>2 Q. So you are not sure --</p> <p>3 Just to clarify that answer, you're not</p> <p>4 sure if a fee is assigned to a given claim when it</p> <p>5 enters the system, when it's initially submitted, or</p> <p>6 when it's actually paid; is that what your statement</p> <p>7 is?</p> <p>8 A. Right.</p> <p>9 MR. HECK: Let's move on to a new</p> <p>10 document.</p> <p>11 (EXHIBIT ROXANE 042 MARKED.)</p> <p>12 Q. If you would please take a moment to</p> <p>13 review that.</p> <p>14 A. Okay.</p> <p>15 Q. Do you recognize this document?</p> <p>16 A. Yes, I do.</p> <p>17 Q. And what is it?</p> <p>18 A. It is a letter in response to a CMS</p> <p>19 request for information.</p> <p>20 Q. This letter is dated December 1, 1999,</p> <p>21 correct?</p> <p>22 A. Yes.</p>	<p style="text-align: right;">283</p> <p>1 that the different carriers were pricing</p> <p>2 inconsistently?</p> <p>3 A. I think --</p> <p>4 MR. WALKER: Object to the form.</p> <p>5 Q. You can answer.</p> <p>6 A. I think, you know, the decisions used in</p> <p>7 the sources between the contractors may have</p> <p>8 differed.</p> <p>9 Q. Do you know why it differed?</p> <p>10 A. No.</p> <p>11 Q. Do you recall other occasions, from 1996</p> <p>12 to 2003, where you provided information like this to</p> <p>13 HCFA for CMS?</p> <p>14 A. I don't recall specifically, no.</p> <p>15 Q. Do you know if there were other</p> <p>16 instances, other than this, in which you gave them</p> <p>17 information?</p> <p>18 A. I don't recall if there was or not.</p> <p>19 Q. Now, I'm going to direct your attention</p> <p>20 to the first page under the bolded list number one,</p> <p>21 where they ask you how you determine AWP.</p> <p>22 It indicates here that: We are currently</p>

<p style="text-align: right;">284</p> <p>1 using quarterly updates of the Micro Medex Red Book</p> <p>2 for Windows CD and the Drug Topics Red Book monthly</p> <p>3 publication; do you see that?</p> <p>4 A. Uh-huh.</p> <p>5 Q. What's the difference between those two</p> <p>6 publications?</p> <p>7 A. Let's see. Quarterly updates, the</p> <p>8 quarterly updates -- the CD would come out</p> <p>9 quarterly.</p> <p>10 The monthly updates was a hard copy</p> <p>11 publication.</p> <p>12 Q. And so, is it your understanding that you</p> <p>13 were using both at the time?</p> <p>14 A. Yes.</p> <p>15 Q. So, how would that work in practice?</p> <p>16 Would you -- would the person setting up an Excel</p> <p>17 spreadsheet for a given J code, have the CD with</p> <p>18 him -- him or her -- or the -- and the monthly</p> <p>19 update in paper form, as well?</p> <p>20 A. If I recall, yes.</p> <p>21 Q. Do you recall occasions where the figures</p> <p>22 reported on the quarterly CD and the monthly update</p>	<p style="text-align: right;">286</p> <p>1 period.</p> <p>2 Q. So, you would do monthly updates prior to</p> <p>3 1996; is that correct?</p> <p>4 A. Sometimes. At one point, we were doing</p> <p>5 monthly.</p> <p>6 But if I recall, the problem is -- I</p> <p>7 can't recall exactly when the timing was that we</p> <p>8 performed the updates.</p> <p>9 What we did was the most current CD. And</p> <p>10 then any current hard copy monthly updates would be</p> <p>11 referred to.</p> <p>12 Q. So, when you were using the monthly</p> <p>13 updates, would you, or a member of your staff,</p> <p>14 actually make the changes when you received the</p> <p>15 updates?</p> <p>16 Or would you wait until you made the</p> <p>17 quarterly changes to the worksheets?</p> <p>18 A. I can't recall, but I think they would</p> <p>19 look at them whenever they were doing the quarterly</p> <p>20 updates.</p> <p>21 Q. And then -- okay -- so, they would wait</p> <p>22 until the next quarterly update needed to be done</p>
<p style="text-align: right;">285</p> <p>1 were different?</p> <p>2 A. Occasionally --</p> <p>3 Q. Okay.</p> <p>4 A. -- you would see that.</p> <p>5 Q. In those instances, which publication</p> <p>6 would you use?</p> <p>7 A. Well, depending on the timing of the</p> <p>8 updates, the quarterly CD.</p> <p>9 And I can't recall, you know, exactly</p> <p>10 when the timing was that we stopped using monthly.</p> <p>11 If we had the quarterly, and then</p> <p>12 monthly -- subsequent monthly updates came out -- we</p> <p>13 would check that monthly for revised AWP.</p> <p>14 Q. So, would you use the most recent of the</p> <p>15 sources?</p> <p>16 A. Yeah.</p> <p>17 Q. Now, you indicated that you stopped using</p> <p>18 monthly at one point; is that right?</p> <p>19 A. I think so. The drug updates over time,</p> <p>20 I know are kind of confusing.</p> <p>21 Because at one time we did monthly</p> <p>22 updates, but I think that was prior to this relevant</p>	<p style="text-align: right;">287</p> <p>1 and then look at the monthly updates then?</p> <p>2 A. I think so.</p> <p>3 Q. Also, on that first page, the last</p> <p>4 line -- the second-to-the-last line, it says: The</p> <p>5 calculated fees are manually loaded into our</p> <p>6 Medicare pricing subsection APPL2; is that correct?</p> <p>7 A. Yes.</p> <p>8 Q. Now, could you just -- and this was</p> <p>9 mentioned in the prior documents -- what is APPL2?</p> <p>10 A. It's just the acronym for the pricing</p> <p>11 module that maintains our prices.</p> <p>12 Q. So, it would be like an Excel spreadsheet</p> <p>13 system, basically, correct?</p> <p>14 A. No. It's a mainframe --</p> <p>15 Q. So --</p> <p>16 A. -- file.</p> <p>17 Q. How would this Excel spreadsheet be</p> <p>18 reconciled with this mainframe?</p> <p>19 A. Once they are entered, we go through a</p> <p>20 quality control check.</p> <p>21 Q. So, were these Excel spreadsheets</p> <p>22 uploaded into the system?</p>